

FINANCIAL RESOURCES

Cities and counties – just like businesses and families – must to be able to pay their bills. Taxes, user fees, assessments, grants, bonds, and private contributions are but some of the ways that communities chooses to raise the money they need to support public services. Such financing resources are limited and must be used wisely.

This section of the Comprehensive Plan examines ways the city and county raise funds to build their facilities.

CAPITAL IMPROVEMENT PROGRAM (CIP)

Capital improvements have historically been financed by General Revenues, special assessments, user fees, revenue bonds, grants from the Federal and State Governments, and General Obligation debt. Capital projects can be broadly defined as new projects to meet additional needs of the community and maintenance/repair of the built infrastructure. It is imperative that maintenance of capital improvements occur to protect the City's and County's investment and minimize future maintenance and replacement costs.

For each new development in Lincoln, the developer provides for new local roads, water and wastewater lines, storm sewers, stormwater detention facilities, local electrical lines, sidewalks, street lights, and street trees within the development. The community as a whole has primarily funded arterial streets, major water mains, wastewater treatment and transmission lines, water storage, parks, trails, recreation facilities, fire and police stations, libraries, electric supply and transmission and schools. The community as a whole funds ongoing operating and maintenance costs for all of the infrastructure items.

There are some circumstances where a developer has funded some costs of the arterial streets, larger water and wastewater lines, trails or neighborhood parks. These additional costs are typically determined based on the impact or timing of improvements required by the development and are negotiated on a case by case basis.

The following is the current general approach for financing each infrastructure type.

COUNTY SERVICES

The County provides a number of services, such as register of deeds, corrections, Courts, Lancaster Manor housing, mental health, and weed control. Most of these items are service and personnel oriented, however, there are some

facility costs as well. For example, a new juvenile correctional facility was built in the last year. County services are funded by various sources such as property taxes (28% of the total), motor vehicle taxes, state revenues, and inheritance taxes. More than a quarter of the budget is supported by fees charged for services.

The Lancaster County Engineer prepares and maintains a one and five year Road and Bridge Construction Program.

WATER AND WASTEWATER

Utility fees paid by utility customers fund most of the expense of new water mains and over-sizing basin trunk sewer lines. Utility fees fund the entire costs for operation, maintenance, water and sewer treatment, storage, pressure, and pumping, which provide a community benefit.

The City also makes strategic use of revenue bonds in order to fund both routine construction and major expansion projects. Some use of revenue bonds may be needed until special districts, connection and utility fees generate enough funds for improvements. In the 1980's the City tripled water rates to fund an \$86 million project to expand supply and treatment facilities in Ashland — the City's primary source of water. The city issued revenue bonds at the time and used the rate increase to raise the revenue from rate payers to pay back the bonds.

In the Fiscal Year (FY) 2000-2001, \$12.9 million is included for water and \$12.7 million for wastewater improvements in the City's CIP. Developer contributions were estimated at \$213,000 for water and \$190,000 for wastewater improvements projects listed in the CIP. Developers may also contribute by building larger mains within their projects and paying a portion of those costs. The City typically pays for an oversizing of a pipe that is necessary to serve more than one development.

The City has an enormous investment in water and wastewater lines and treatment facilities. The City has been accumulating funds to pay for improvements to both wastewater treatment plants to meet new federal and state treatment requirements for ammonia, which is estimated to cost over \$20 million.

ARTERIAL STREETS



The major sources for funding city arterial streets are the Highway User Fund (derived from gasoline and other motor fuel taxes), the local wheel tax, and Federal highway funding. In FY 2000-2001, approximately \$32.8 million was designated for arterial street and highway projects in Lincoln. Federal and state aid funds will contribute over \$24 million for FY 2000-2001, while wheel tax revenues will pay for over \$7 million. Gasoline taxes paid locally are counted in the Federal/State aid funds. Additional funding comes from the local Railroad Transportation Safety District.

The Lancaster County Engineer is funded by county general revenue as well as Federal and State aid sources similar to those received by the City. For fiscal year 2001, the County Engineer had over \$3.5 million budgeted in road and bridge projects.

New commercial developments — such as major shopping centers and offices parks — may fund a portion of the arterial street construction costs for impacts their projects may cause on adjacent streets. New development — including residential neighborhoods — also contributes to the street system by dedicating land for right-of-way as part of the subdivision process.

The City's Six Year CIP includes projects costing over \$186 million. The CIP earmarks \$48 million for Phase I of the Antelope Valley road project. The South and East Beltway in 1996 were estimated to cost over \$250 million, of which \$9 million was included in the 6 Year CIP at this time. Additional funds for construction of the South Beltway are being sought.

SANITARY LANDFILL

The Six Year CIP includes \$17.8 million for improvements at the Bluff Road landfill, activities involving closing the North 48th Street Landfill, and for recycling sites. All of these improvements are paid by landfill fees paid by garbage haulers and their customers.

PARKS AND TRAILS

The Six Year CIP includes \$22 million for parks, recreation facilities, and trails. These improvements include both renovation and new construction.

A significant amount of additional neighborhood park construction is needed throughout Lincoln as new neighborhoods are built each year. These and other facilities are funded through a variety of resources. Keno funds and general revenue are estimated to contribute \$6 million each during the six year period. Golf fees will pay for golf improvements of over \$1.7 million. The remaining portion of nearly \$8 million is dependent upon grants, donations and other sources.



STORMWATER

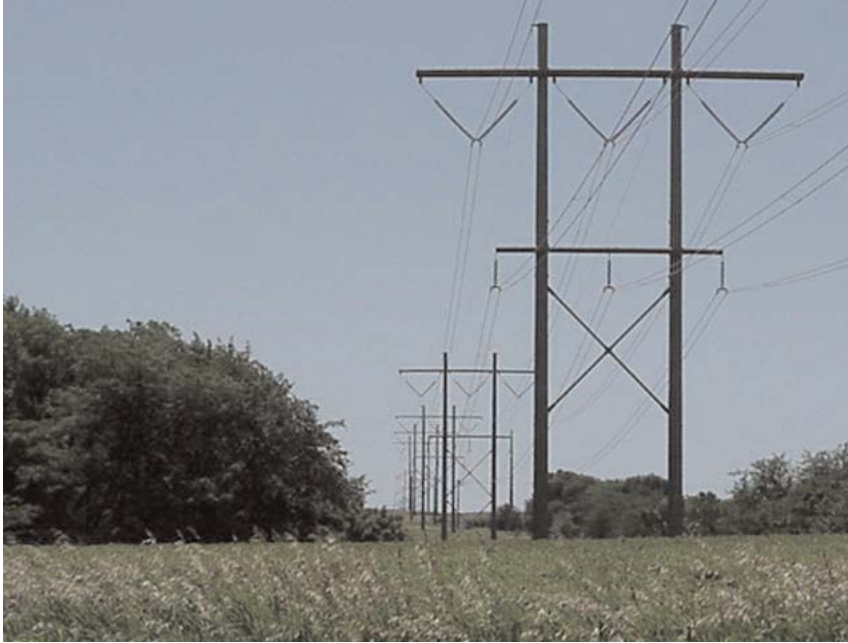
Responsibility for stormwater and drainage improvements and maintenance is currently divided among the private sector (developers and land owners), the Lower Platte South Natural Resources District (LPSNRD), and the City of Lincoln. Local developers often construct stormwater drains and detention facilities. The maintenance of the underground stormwater system is generally the responsibility of the City, while private homeowner associations often maintain the detention ponds and concrete low flow liners.

The City is responsible for maintaining the street drainage system including curb and gutter, stormwater sewers, and bridges and culverts over major and minor drainage ways. The City has only a few regional detention facilities to manage. The six year CIP includes nearly \$19 million for stormwater and drainage improvements in the City. These improvements are paid for by the citizens of Lincoln as a whole. About \$16.4 million of these improvements are being paid for with General Obligation (G.O.) bonds. These bonds must be approved by a vote of the electorate and repaid as part of property taxes. The remaining portion is expected to come from general revenue.

The LPSNRD has jurisdiction for improvements in a six county area covering over 1 million acres. It has responsibility for the main storm drainage channels along creeks.

ELECTRICAL FACILITIES

Lincoln Electric System (LES) is owned by the City of Lincoln and is operated by an administrative board appointed by the Mayor and City Council. LES is revenue producing, and no tax funds are used to support its operations. LES



is unique among city departments in that it may sell excess electricity on the open market to help finance its operation. LES makes annual payments in lieu of taxes to the City, Lancaster County and Lincoln Public Schools.

LES has over \$432 million in capital improvements for the next six year period, including nearly \$100 million for a new generating plant at North 70th and Bluff Road. LES serves Lincoln, Waverly and the surrounding area. The majority of the County is served by Norris Public Power District. LES and Norris recently worked out

an agreement regarding their service areas and future facilities in these areas. This is particularly important in areas where Lincoln is expected to expand in the near term.

FIRE AND PUBLIC SAFETY

The Lincoln Fire & Rescue Department has programmed \$8.2 million in improvements over the next six years. These projects would be paid for by future General Obligation bonds, if the bonds are approved by the electorate. These bonds would pay for four new stations and related equipment, a new training and fleet service facility, and replacements of existing vehicles. Renovation of existing fire stations is paid for by general revenue.

Rural Fire Districts are dependent upon bond issue approval by voters in their districts to fund any capital construction or major equipment purchases. Several fire districts have recently made improvements to the facilities through this method. The City must reimburse rural fire districts for losses to their assessment base when an area is annexed into the city.

At this time, the Lincoln Police Department (LPD) does not have any funding requests in the CIP for additional free standing police stations. LPD has rented space in addition to building a new station at North 27th Street and Holdrege Avenue. The Lincoln Police and Sheriff's Department recently moved into the new Law Enforcement and Justice Building in Downtown Lincoln. The two agencies share many functions in order to reduce costs and save building space.

LINCOLN CITY LIBRARIES

Two new Lincoln City libraries were opened in February 2002. These libraries were constructed using funds approved through a General Obligation bond election. The CIP includes a potential \$8.2 million project to renovate Bennett Martin Library if a future G. O. bond is approved.

PUBLIC SCHOOLS

Public schools in Lincoln and Lancaster County primarily depend on State aid and local property taxes for operations and maintenance. New school construction is mostly funded through school bond elections. Lincoln Public Schools has had two such elections in the past decade, which funded two new high schools, two middle schools, and four elementary schools. Waverly also funded a new high school and elementary/ middle school construction through bond issues.

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